EXHIBIT 1

C-1991-16-G 370TH DISTRICT COURT, HIDALGO COUNTY, TEXAS

CITATION

STATE OF TEXAS

NOTICE TO DEFENDANT: You have been sued. You may employ an attorney. If you or your attorney do not file a written answer with the clerk who issued this citation by 10:00 a.m. on the Monday next following the expiration of twenty (20) days after you were served with this citation and petition, a default judgment may be taken against you.

GROUP & PENSION ADMINISTRATORS, INC Park Central 8 12770 Merit Drive, 2nd Floor Dallas, Tx 75251

You are hereby commanded to appear by filing a written answer to the PLAINTIFF'S ORIGINAL PETITION on or before 10:00 o'clock a.m. on the Monday next after the expiration of twenty (20) days after the date of service hereof, before the Honorable Noe Gonzalez, 370th District Court of Hidalgo County, Texas at the Courthouse at 100 North Closner, Edinburg, Texas 78539.

Said petition was filed on this the 2nd day of May, 2016 and a copy of same accompanies this citation. The file number and style of said suit being C-1991-16-G, KNAPP MEDICAL CENTER, A NON-PROFIT TEXAS CORPORATION ON DBA KNAPP MEDICAL CENTER VS. GROUP & PENSION ADMINISTRATORS, INC

Said Petition was filed in said court by JOHN E. NUELLE, 10 MEDICAL PARKWAY PLAZA III STE 205 DALLAS TX 75234.

The nature of the demand is fully shown by a true and correct copy of the petition accompanying this citation and made a part hereof.

The officer executing this writ shall promptly serve the same according to requirements of law, and the mandates thereof, and make due return as the law directs.

ISSUED AND GIVEN UNDER MY HAND AND SEAL of said Court at Edinburg, Texas on this the 23rd day of May, 2016.

LAURA HINOJOSA, DISTRICT CLERK HIDALGO COUNTY, TEXAS

ROSENDO ZAMORA, DEPUTY CLERK

C-1991-16-G OFFICER'S RETURN

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CAUSE NO. C-1991-16-G

KNAPP MEDICAL CENTER, a nonprofit Texas corporation dba KNAPP MEDICAL CENTER, Plaintiff

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GROUP & PENSION ADMINISTRATORS, INC., Defendant. IN THE ___ JUDICIAL
DISTRICT COURT OF
HIDALGO COUNTY, TEXAS

PLAINTIFF'S ORIGINAL PETITION

Plaintiff files its Original Petition and allege as follows:

I. <u>PARTIES</u>

- 1. Plaintiff, Knapp Medical Center dba Knapp Medical Center (hereinafter "Plaintiff" or "KMC") is a non-profit Texas corporation and maintains its principal place of business in Weslaco, Hidalgo County, Texas.
- 2. Defendant, Group & Pension Administrators, Inc., (hereinafter "Defendant" or "GPA") is a nonresident company doing business in the state of Texas. This Defendant may be served with process by serving its registered agent for service of process, Jerry L. McPeters, Park Central 8, 12770 Merit Drive, 2nd Floor, Dallas, Texas 75251.

II. DISCOVERY LEVEL

Plaintiff intends that discovery be conducted under Level 2 of the Rule 190 of the
 Texas Rules of Civil Procedure.

III. AGENCY

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4. Any time it is alleged in this action that GPA did an act or failed to do any act or thing, it is meant that GPA's authorized, apparent or ostensible agents, employees or representatives did such act or failed to do such act or thing, thereby making GPA liable.

IV. JURISDICTION AND VENUE

- 5. This Court has jurisdiction over the parties, jurisdiction over the subject matter of this dispute, and jurisdiction to award all relief prayed for herein.
- 6. Venue is proper in Hidalgo County because Plaintiff's principal place of business is maintained in Hidalgo County, Texas; and because a substantial part of the events or omissions giving rise to this claim occurred in this county.

V. CLAIMS FOR RELIEF

- 7. This is a suit concerning the recovery of payment for medical care, treatment, and services provided by Plaintiff to insured members of GPA. Specifically, this suit involves underpayments and/or denials of reimbursement for Plaintiff's medical bills submitted to GPA after having provided medically necessary care and treatment. At all times, Plaintiff was an "out-of-network" provider, i.e., it did not have a managed care agreement with GPA that prescribed reimbursement levels for services provided. Rather, fee reimbursement for Plaintiff was determined solely by GPA's own methodology. In each case, Plaintiff provided medically necessary treatment to GPA members. However, GPA continually denied and/or underpaid Plaintiff's claims made subject of this suit. Plaintiff is alleging Quantum Meruit; unjust enrichment; implied in-law contract, and; breach of contract third party beneficiary.
- 8. Plaintiff seek monetary relief of over fifty thousand dollars (\$50,000), an amount which is within the jurisdictional limits of this Court, and for all other relief, general or special, legal or equitable, to which it is entitled.

VI. CONDITIONS PRECEDENT

9. Plaintiff would show that all conditions precedent to their right to claim and recover the relief prayed for herein have been exhausted and/or are futile.

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VII. FACTUAL BACKGROUND

- 10. KMC is an acute care hospital that also maintains a 24 hour emergency room. KMC provides medical services through licensed physicians, available 24 hours a day, seven days a week.
- 11. KMC meets all the requirements of the Emergency Medical Treatment and Active Labor Act ("EMTALA"), which requires that any patient that presents to KMC be provided an examination and needed stabilizing treatment, without consideration of insurance or ability to pay.
- 12. GPA's insureds have presented and continue to present to KMC for care and treatment which is provided by HMC and physicians on staff at the hospital. Additionally, KMC is required to treat all GPA insureds who present to KMC's emergency department.
- 13. KMC is a "non-contracted" facility and does not maintain any provider contracts with GPA. Plaintiff provided health care services to Defendant's members and billed Defendant the reasonable and customary rate for the services provided. However, contrary to Defendant's statutory and contractual duties, Defendant systematically based its reimbursements to Plaintiff on artificially deflated values of what it purported to be reasonable and customary rates. Defendant's payment scheme resulted, as Defendant intended, on Plaintiff being significantly underpaid for the services and care provided to Defendant's members.
- 14. For each GPA insured identified by date of service and GPA identification number listed in Exhibit "A" attached hereto, KMC provided health care services to Defendant's members.
- 15. Pursuant to rules governing non-contracted facilities, KMC has submitted claims to GPA for payment in a timely manner. The claims included all required information for GPA to process and reimburse KMC for services provided.
- 16. KMC's causes of action arise out of GPA's failure to pay and/or underpay the claims listed in Exhibit "A."

VIII. COUNT I: QUANTUM MERUIT

17. Plaintiff repeats, realleges and incorporates all prior paragraphs as if set forth fully herein below.

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- 18. Plaintiff provided health care services and emergency care to Defendant's insureds. With respect to these emergency services, Plaintiff was required by law to provide care for emergency patients until they were stabilized.
- 19. Defendant, as a health care service plan and health insurance company, is required to reimburse Plaintiff for the reasonable value of the services provided. Accordingly, a contract implied in law was created when Plaintiff provided care and treatment to Defendant's members pursuant to which Defendant was obligated to reimburse Plaintiff for the care provided.
- 20. The statutory obligation to reimburse a provider, as well as Defendant's express or implied agreements to reimburse Plaintiff, created contracts implied in law or in fact, which required Defendant to pay Plaintiff's reasonable billed charges.
- 21. Notwithstanding this duty, Defendant has failed and refused to pay Plaintiff's reasonable charges. Instead, Defendant has either not paid for the services at all or has paid less than the reasonable charges due to Defendant's systematic use of artificially deflated measures of reasonable and customary rates. Plaintiff is entitled to recover the reasonable value of its services as expressed in the billed charges presented to Defendant.
- As a result of Defendant's failure to reimburse Plaintiff for the care and treatment provided to Defendant's insureds, Plaintiff has suffered damages in excess of \$30,000.00.

IX. COUNT II: IMPLIED-IN-LAW CONTRACT

- 23. Plaintiff repeats, realleges and incorporates all prior paragraphs as if set forth fully herein below.
- 24. Alternatively, Plaintiff pleads for recovery under the theory of implied-in-law-contract.
- 25. As an acute care hospital with an emergency room, Plaintiff is required by Federal Law (EMTALA) to provide an examination and needed stabilizing treatment, without consideration of insurance coverage or ability to pay, when a patient presents to the emergency department for attention to an emergency medical condition.

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- 26. As such, Defendant has an obligation to reimburse Plaintiff, as an emergency health care provider, for emergency services they provided to Defendant's insureds.
- 27. In other cases, Plaintiff provided care to Defendant's members based on Defendant's express or implied authorization to treat the member. These instances include cases where Defendant either authorized care for services following the stabilization of an emergency condition or authorized pre-scheduled services. Defendant is required by law to reimburse providers for these services rendered to its members. Further, a health plan may not rescind authorization or subsequently refuse to pay for the authorized service provided.
- 28. Despite its obligation, Defendant failed to reimburse Plaintiff for the care and treatment it provided to Defendant's insureds.
- 29. As a result of Defendant's failure to reimburse Plaintiff for the care and treatment provided to Defendant's insureds, Plaintiff has suffered damages in excess of \$30,000.00.

X. <u>COUNT III: UNJUST ENRICHMENT-QUASI CONTRACT</u>

- 30. Plaintiff repeats, realleges and incorporates all prior paragraphs as if set forth fully herein below.
 - 31. Alternatively, Plaintiff pleads for recovery under the theory of unjust enrichment.
- 32. Defendant has received the benefit of the medical services provided to its insureds by Plaintiff and Defendant has not paid for the services at all or has paid less than the reasonable charges due, despite the fact that Defendant has received premiums for health insurance coverage and has failed to pay for it.
- 33. As a result of Defendant's failure to reimburse Plaintiff for the care and treatment provided to Defendant's insureds, Plaintiff has suffered damages in excess of \$30,000.00.

XI. COUNT IV: BREACH OF CONTRACT – THIRD PARTY BENEFICIARY

- 34. Plaintiff repeats, realleges and incorporates all prior paragraphs as if set forth fully herein below.
- 35. Alternatively, Plaintiff pleads for recovery under the theory of breach of contract-third party beneficiary.

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- 36. Defendant entered into written contracts with its members, which were generally expressed in documents titled "Evidence of Coverage" ("EOC"). These contracts generally require Defendant to pay non-participating providers for health care services provided to their members based on a percentage of a provider's reasonable charge.
- 37. Plaintiff was an intended third-party beneficiary to the EOCs issued to Defendant's members. The EOCs contain provisions for Defendant to reimburse non-participating hospital providers, *i.e.*, Plaintiff, and specifically provides for payments to be made directly to the non-participating hospital provider. In fact, under the terms of the EOCs, the members are only responsible for the portion of the charge not covered by Defendant, rather than holding the member responsible to pay the entire provider's charge and seek reimbursement from Defendant.
- 38. Plaintiff provided health care services to Defendant's members during the dates of service set forth in Exhibit "A" and billed Defendant the reasonable and customary rate for the services provided. However, contrary to the contractual obligation to pay non-participating providers based on a reasonable charge, Defendant instead used an intentionally and arbitrarily deflated measure of reasonable charge upon which it based its reimbursement rates for services provided by Plaintiff to Defendant's insureds. In other cases, Defendant failed to reimburse Plaintiff at all for services provided to its members.
- 39. Defendant's failure to reimburse Plaintiff based on a true measure of its reasonable and customary rates, as expressed in the billed charges presented to Defendant, resulted in injury to Plaintiff. Plaintiff is entitled to recover the full amount that Defendant was contractually obligated to reimburse for the services Plaintiff provided to Defendants members.
- 40. As a result of Defendant's failure to reimburse Plaintiff for the care and treatment provided to Defendant's insureds, Plaintiff has suffered damages in excess of \$30,000.00.

XII. JURY DEMAND

41. Plaintiff hereby demands a trial by jury and submits the requisite fee for same.

XIII. PRAYER

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WHEREFORE, PREMISES CONSIDERED, KNAPP MEDICAL CENTER, a non-profit Texas corporation, dba KNAPP MEDICAL CENTER respectfully request that Defendant GROUP & PENSION ADMINISTRATOR, INC. be cited to appear and answer, and that on final trial, Plaintiff have judgment against Defendant jointly and severally, for the following:

- (a) A money judgment against Defendant for actual damages as stated above, plus interest at the legal rate from the date of judgment until paid;
- (b) A money judgment against Defendant for attorney's fees, reasonable investigative costs, and all of its court costs in this action, plus interest at the legal rate from the date of judgment until fully paid; and
- (c) That Plaintiff be granted all other relief, general or special, at law and in equity, to which it may show itself justly entitled.

Dated: April 28, 2016

Respectfully submitted,

John E. Nuelle

State Bar No. 24095687

Assistant General Counsel

Harlingen Medical Center

c/o Prime Healthcare Services

10 Medical Parkway Plaza III, Suite 205

Dallas, Texas 75234 Phone: 909-235-4454

Fax: 909-235-4316

Email: inuelle@primehealthcare.com

Counsel for Knapp Medical Center

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EXHIBIT A

C-1991-16-G

EXHIBIT "A" TO PETITION

KMC ID NO.	DATES OF SERVICE	BALANCE OWED
1000499374	09/22/2014-09/29/2014	\$3,725.00
1000543953	03/30/2015-04/01/2015	\$3715.00
1000529046	01/25/2015-01/30/2015	\$3,672.80
1000499097	09/21/2014-09/24/2014	\$3,628.73
1000529001	01/25/2015-01/29/2015	\$3,604.42
1000501615	10/02/2014-10/10/2014	\$3,570.10
1000503725	10/10/2014-10/16/2014	\$3,556.00
1000504063	10/12/2014-10/12/2014	\$2,995.00
1000521068	12/19/2014-12/19/2014	\$2,974.75
1000510733	11/07/2014-11/19/2014	\$2,626.03
1000495147	09/05/2014-09/05/2014	\$2,491.22
1000516973	12/03/2014-12/05/2014	\$2,403.99
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	TOTAL:	\$38,963.04

CIVIL CASE INFORMATION SHEET

Electronically Filed 5/2/2016 6:08:54 PM Hidalgo County District Clerks Reviewed By: Alexis Bonilla

CAUSE NUMBER (FOR CLERK USE ONLY):

C-1991-16-G

_COURT !FOR CLERK USE ONLY):

STYLED Knapp Modual Center v. Group & Pension Administrators, Inc.

[e.g., John South v. All American Insurance Co; In re Mary Ann Jones; in the Mauer of the Entate of George Jackson)

A civil case information sheet must be completed and submitted when an original polition or application is filed to initiate a new civil, family law, probate, or mental health case or when a post-judgment petition for modification or motion for enforcement is filed in a family law case. The information should be the best available at the time of filing.

1. Contact information for person completing case information sheet:

Name: Email: Plaintiff(s) Petitioner(s): Person or entity completing sheet is: Pro Se Plaintiff/Petitioner

John Nuelle jnuelle@primehealthcare.com

Knapp Medical Center Title IV-D Agency

Other:

Additional Parties in Child Support Case:

Offendant(s)*Respondent(s)* Custodial Parent:

City/State/Zip: Fax:

Onlass Texas 909-235-4316

Inc.

State Bar No:

24093687

[Altaes #4649n84/sage as peaces asy to lest all parties]

Address:	Telephone:	· ************************************						
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2. Indicate case type, or identify the most important issue in the case (select only 1):								
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Less than \$100,000, including damages of any kind, penalties, costs, espenses, pre-judgment interest, and attorney fees Less than \$100,000 and non-monetary relief Over \$100,000 but not more than \$200,000 Over \$200,000 but not more than \$1,000,000 Over \$1,000,000 Over \$1,000,000								